

HI/FN INC

Form SC 13D

December 15, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO § 240.13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO
§ 240.13d-2(a)

(Amendment No.)¹

hi/fn, inc.

(Name of Issuer)

Common Stock, par value \$0.001

(Title of Class of Securities)

428358105

(CUSIP Number)

Mary L. Dotz
Adaptec, Inc.
691 South Milpitas Boulevard
Milpitas, California 95035
(408) 945-8600

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

December 4, 2008

(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box " .

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. *See* § 240.13d-7 for other parties to whom copies are to be sent.

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The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, *see the Notes*).

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1	NAME OF REPORTING PERSONS ADAPTEC, INC.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS WC	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION DELAWARE	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 1,139,925
	8	SHARED VOTING POWER - 0 -
	9	SOLE DISPOSITIVE POWER 1,139,925
	10	SHARED DISPOSITIVE POWER - 0 -
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,139,925	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.8%	

14	TYPE OF REPORTING PERSON CO
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The following constitutes the Schedule 13D filed by the undersigned (the "Schedule 13D").

Item 1. Security and Issuer.

This statement relates to shares of the Common Stock, par value \$0.001 per share (the "Shares"), of hi/fn, inc. (the "Issuer"). The address of the principal executive offices of the Issuer is 750 University Avenue, Los Gatos, California 95032.

Item 2. Identity and Background.

(a) This statement is filed by Adaptec, Inc., a Delaware corporation (the "Reporting Person"). Set forth on Schedule A annexed hereto is the name, principal business and address of each of the directors and executive officers of the Reporting Person, as of the date hereof.

(b) The principal business address of Adaptec, Inc. is 691 South Milpitas Boulevard, Milpitas, California 95035.

(c) The principal business of Adaptec, Inc. is providing storage solutions that reliably move, manage, store and protect critical data and digital content.

(d) Neither the Reporting Persons, nor any person listed on Schedule A annexed hereto has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) Neither the Reporting Person nor any person listed on Schedule A annexed hereto has, during the last five years, been party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Each of the individuals listed on Schedule A annexed hereto is a citizen of the United States of America.

Item 3. Source and Amount of Funds or Other Consideration.

The aggregate purchase price of the

1,139,925 Shares owned by Adaptec, Inc. is approximately \$2,272,012, excluding brokerage commissions. The Shares owned by Adaptec, Inc. were acquired with working capital.

Item 4. Purpose of Transaction.

The Reporting Person purchased the Shares based on the Reporting Person's belief that the Shares, when purchased, were undervalued and represented an attractive investment opportunity. Depending upon overall market conditions, other investment opportunities available to the Reporting Persons, and the availability of Shares at prices that would make the purchase of additional Shares desirable, the Reporting Person may increase its position in the Issuer through, among other things, the purchase of Shares on the open market or in private transactions or otherwise, on such terms and at such times as the Reporting Person may deem advisable.

The Reporting Person does not have any present plan or proposal which would relate to or result in any of the matters set forth in subparagraphs (a) - (j) of Item 4 of Schedule 13D except as set forth herein or such as would occur upon completion of any of the actions discussed above. The Reporting Person intends to review its investment in the Issuer on a continuing basis and engage in discussions with management and the Board of Directors of the Issuer concerning the business, operations, capital structure and future plans of the Issuer, including discussions regarding a business combination with the Issuer on a negotiated basis or otherwise. Depending on various factors including, without limitation, the Issuer's financial position and investment strategy, the price levels of the Shares, conditions in the securities markets and general economic and industry conditions, the Reporting Person may in the future take such actions with respect to its investment in the Issuer as it deems appropriate including, without limitation, seeking Board representation, increasing its investment, making proposals to the Issuer or shareholders concerning changes to the capitalization, strategic alternatives, ownership structure or operations of the Issuer, purchasing or making proposals to purchase additional Shares, selling some or all of its Shares at any time, engaging in short selling of or any hedging or similar transaction with respect to the Shares or changing its intention with respect to any and all matters referred to in Item 4.

Item 5. Interest in Securities of the Issuer.

(a) The aggregate percentage of Shares reported owned by the Reporting Person based upon 14,642,223 Shares outstanding, which is the total number of Shares outstanding as of November 5, 2008 as reported in the Issuer's annual report on Form 10-K for the fiscal year ended September 30, 2008, filed with the Securities and Exchange Commission on November 14, 2008.

As of the close of business on December 12, 2008, the Reporting Person beneficially owned

1,139,925 Shares, constituting approximately 7.8% of the Shares outstanding.

(b) The Reporting Person may be deemed to have the sole power to vote and dispose of the Shares reported in this Schedule 13D.

(c) Schedule B annexed hereto lists all transactions in securities of the Issuer during the past sixty days by the Reporting Person. All of such transactions were effected in the open market.

(d) No person other than the Reporting Person is known to have the right to receive, or the power to direct the receipt of dividends from, or proceeds from the sale of, the Shares.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

Except as set forth herein, there are no contracts, arrangements, understandings or relationships between the Reporting Person and any other person, with respect to the securities of the Issuer.

Item 7. Material to be Filed as Exhibits.

None

SCHEDULE A

Directors and Executive Officers of
Adaptec, Inc.

Name and Position with Adaptec, Inc.

Present Principal Occupation

Business Address

Jon S. Castor, Director

Private Investor

c/o Adaptec, Inc.
691 South Milpitas Boulevard
Milpitas, California 95035

Jack L. Howard, Chairman of the Board

President of Steel Partners LLC,
a global investment management
firm

c/o Steel Partners LLC
590 Madison Avenue, 32nd Floor
New York, New York 10022

Joseph S. Kennedy, Director

Private Investor

c/o Adaptec, Inc.
691 South Milpitas Boulevard
Milpitas, California 95035

Robert J. Loarie, Director

Private Investor

c/o Adaptec, Inc.
691 South Milpitas Boulevard
Milpitas, California 95035

John Mutch, Director

Managing Partner of MV
Advisors, LLC, a strategic block
investment firm

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c/o Adaptec, Inc.
691 South Milpitas Boulevard
Milpitas, California 95035

John J. Quicke, Director

Managing Director and
Operating Partner of Steel
Partners LLC, a global
investment management firm

c/o Steel Partners LLC
590 Madison Avenue, 32nd Floor
New York, New York 10022

Lawrence J. Ruisi, Director

Private Investor/Consultant

c/o Adaptec, Inc.
691 South Milpitas Boulevard
Milpitas, California 95035

Subramanian "Sundi" Sundaresh,
President, Chief Executive Officer
and Director

President and Chief Executive
Officer of Adaptec, Inc.

c/o Adaptec, Inc.
691 South Milpitas Boulevard
Milpitas, California 95035

Douglas E. Van Houweling,
Director

President and Chief Executive
Officer of the University
Corporation for Advanced
Internet Development

c/o Adaptec, Inc.
691 South Milpitas Boulevard
Milpitas, California 95035

Mary L. Dotz, Chief Financial
Officer

Chief Financial Officer of
Adaptec, Inc.

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c/o Adaptec, Inc.
691 South Milpitas Boulevard
Milpitas, California 95035

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Name and Position with Adaptec, Inc.	Present Principal Occupation	Business Address
Anil Gupta, Vice President and General Manager of the Storage Technology Products	Vice President and General Manager of the Storage Technology Products of Adaptec, Inc.	c/o Adaptec, Inc. 691 South Milpitas Boulevard Milpitas, California 95035
Marcus D. Lowe, Senior Vice President of Corporate Development	Senior Vice President of Corporate Development of Adaptec, Inc.	c/o Adaptec, Inc. 691 South Milpitas Boulevard Milpitas, California 95035
John Noellert, Vice President of Worldwide Sales	Vice President of Worldwide Sales of Adaptec, Inc.	c/o Adaptec, Inc. 691 South Milpitas Boulevard Milpitas, California 95035
John Westfield, Vice President and Controller	Vice President and Controller of Adaptec, Inc.	c/o Adaptec, Inc. 691 South Milpitas Boulevard Milpitas, California 95035

SCHEDULE B

Transactions in the Securities of the Issuer During the Past 60 Days

<u>Class of Security</u>	<u>Securities Purchased / (Sold)</u>	<u>Price Per Share (\$)</u>	<u>Date of Purchase / Sale</u>
Common Stock	100	\$2.013	12/4/08
Common Stock	1,300	\$2.020	12/4/08
Common Stock	1,121	\$2.025	12/4/08
Common Stock	300	\$2.040	12/4/08
Common Stock	100	\$1.965	12/4/08
Common Stock	100	\$1.970	12/4/08
Common Stock	1,000	\$2.000	12/4/08
Common Stock	3,199	\$2.010	12/4/08
Common Stock	100	\$2.005	12/4/08
Common Stock	300	\$1.990	12/4/08
Common Stock	100	\$1.995	12/4/08
Common Stock	2,080	\$2.030	12/4/08
Common Stock	800	\$2.045	12/4/08
Common Stock	8,100	\$2.050	12/4/08
Common Stock	968,900	\$1.986	12/4/08
Common Stock	100	\$2.005	12/5/08
Common Stock	700	\$2.000	12/5/08
Common Stock	400	\$2.025	12/5/08
Common Stock	10,200	\$2.010	12/5/08
Common Stock	1,200	\$2.033	12/5/08
Common Stock	2,500	\$2.035	12/5/08
Common Stock	900	\$2.020	12/5/08
Common Stock	2,400	\$2.045	12/5/08
Common Stock	12,200	\$2.030	12/5/08
Common Stock	19,379	\$2.050	12/5/08
Common Stock	21	\$2.040	12/5/08
Common Stock	100,825	\$2.036	12/5/08
Common Stock	1,000	\$2.100	12/11/08
Common Stock	500	\$2.100	12/12/08